

April 27, 2006

**Statement of Lieutenant Colonel John M. Lovejoy
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I would like to thank the members of the committee and the Honorable Tom Davis for inviting me to testify today. I hope that my testimony will illustrate the type of pay problems a Reservist or National Guardsman can face when called to active duty. Generally, my experience with the Army pay system has been positive. However, the "system" did make mistakes with my pay during my last deployment. The more serious problems usually occur when a soldier does not get paid. However, I am here to talk about the impact of being overpaid.

Combat Assignment and Illness

My name is Lieutenant Colonel John M. Lovejoy, and I am an officer in the United States Army Reserve. My current duty station is with the 364th Civil Affairs Brigade out of Portland, Oregon.

In civilian life, I was working as a financial comptroller for an electrical contractor when I received mobilization orders and deployed to Bosnia in January 2000. I remained on active duty until October 2000. While I was deployed, my civilian employer's business had declined, and I lost my job after my return due to significant reductions in the workforce. Thanks to the protections afforded by the Soldiers' and Sailors' Civil Relief Act, I negotiated a settlement. I received mobilization orders and deployed to Bosnia for a second tour of duty in January 2002. I remained on active duty until November 2002.

In November 2003, I was transferred to the 425th Civil Affairs Battalion, out of Santa Barbara, California. I received mobilization orders for Operation Iraqi Freedom and deployed to Iraq in February 2004. In early September 2004, I was having chest pains, but not serious enough to be medically evacuated out of theater since I only had about a month left on my tour of duty. I remained in Iraq until October 7, 2004, and flew out of Kuwait on October 21, 2004. When I went through the demobilization process at Fort Bragg, North Carolina, I was retained on medical hold to determine the cause of the chest pain. Further tests resulted in a cardiac catheterization medical procedure, which cleared me of any heart problems. I remained on medical hold until July 3, 2005, when I was released off active duty and medically cleared to return to my reserve unit.

I have had few pay problems throughout most of my Army career, both as an active duty officer and as a reservist. Most of my pay problems occurred during my last deployment as a reservist.

Struggle to Stop Hardship Duty And Hostile Fire Overpayments

The first pay issue occurred October 2004 when my hardship duty pay was not stopped after I left the Iraqi theater. Although my military identification card was swiped through a card reader during outprocessing in Kuwait, this action failed to end the tax-free earnings and associated hostile fire and hardship duty pays received while in theater. My November 15, 2004, Leave and Earning Statement (LES) showed receipt of \$225 hostile fire pay and \$50 hardship duty pay. I believed that October 2004 was the last month that I was entitled to draw these special pays. I immediately notified the finance office at Fort Bragg of the error and requested a stop on these special pays. The next LES, dated November 26, 2004, showed some activity that was confusing to me. The LES showed an overpayment of another \$50 hardship duty pay with the remark "Adjustment Pay." Then the same LES showed a debt collection of \$25.59 and a remark "Original Debt \$50." The remaining \$24.41 was deducted on my December 1, 2004 LES to complete the collection of the \$50. The December 1, 2004 LES also showed receipt of another \$50 hardship duty pay. I again visited the Fort Bragg finance office on or about December 1, 2004, to complain about receipt of this overpayment of hardship duty pay. I provided another copy of the latest assignment order to stop the tax exemption and associated special pays.

When my December 15, 2004 LES showed another overpayment of \$225 hostile fire pay and \$3.33 hardship duty pay, I returned to the finance office on or about December 15, 2004. I asked again if the stop action was entered. I was told by the finance clerk that the stop action for the tax exemption and special pays had been entered and would be effective as of November 1, 2004, since that was the date I was assigned to a medical hold unit. The December 30, 2004 LES showed another collection action of \$50 for hardship duty pay. The collections made thus far were still confusing, but I was confident that the Army would correctly complete its collections actions. However, I did not see another collection action until approximately a year later. This led me to believe that maybe I was given an exemption that allowed soldiers to continue to draw hardship duty pay if they were injured and medically evacuated from hostile fire areas, even though I did not exactly fit that category. I still expected another collection action but never followed up again with the finance office since my confidence in its ability to fix my pay had diminished significantly by the time I was released from active duty.

Now back in reserve status, on November 8, 2005, I received a remark LES "Overpmt Deploy 041102-041215". On the next LES dated Nov. 15, 2005, a \$50 collection was started with the remark "Original Debt \$50.00 01 Dec 04 - 15 Dec 04" with no further explanation. The LES shows a debt payment of \$11 with no explanation of the breakdown. Since the unpaid debt is \$48.32, I assume that \$1.68 was collected against the \$50 debt, and the remaining \$9.32 debt is a dental premium. For some reason, the dental premium shows up as a debt collection each month instead of its own line item. The \$50 collection action was completed

on my December 1, 2005 LES. The \$50 collection appears to be for overpayment of hardship duty pay, but I am not sure. Since I had no point of contact for this action, I was not confident that I could get a straight answer from anyone other than the person that made the entry into the pay system. The dollar amount did not justify wasting time trying to track it down without a point of contact. On January 4, 2006, I received a remark LES that specified collection action for overpayments of hardship duty pay of \$100 from 041101 - 041130 and \$3.33 for 041201, and hostile fire pay of \$225 from 041201 - 041230. These pays were collected on my February 22, 2006 LES. I was surprised that it took 17 months to make that collection, but at that point in time, I hoped that completed the Army's collection action.

My second pay issue occurred when my active duty pay was not stopped when I was released from active duty on July 3, 2005. I do not understand how such an error could have occurred, but it did. Luckily, I was only overpaid for two pay periods totaling 28 days of basic pay plus benefits. On July 3, 2005, I was owed 33 days of accrued leave, which was to be paid on July 15, 2005. However, the overpayment error prevented this payment. After my active duty pay was stopped, orders were cut for me to participate in a military exercise called Ulchi Focus Lens in Korea from August 8, 2005 to September 5, 2005. The pay from this exercise plus the accrued leave covered my debt for overpayment of the 28 active duty days totaling about \$7,600. As a result, the collection action was completed on September 9, 2005. However, had I not been dropped from the active duty pay system, I would not have been able to participate in the Korea exercise. Military orders cannot overlap.

Neither one of the above major pay issues were serious because I anticipated the repayment of the money that was overpaid. There are soldiers who do not closely monitor their pay. These soldiers usually experience pay problems when they must pay back the overpayments.

The Army Could Provide Better Customer Service By Implementing the Following Recommendations

In my personal opinion, the Army should work closer with a soldier when it makes a mistake. The Army pay system is all automated. The soldier gets an LES that contains a debt amount and line item explanation, and then the debt collection starts immediately. In most cases the collection actions are specific and self-explanatory. In other cases, the line item explanations are unclear and of a general nature. Civilian employers have the flexibility to resolve their mistakes by working closely with the affected employee. In fact, mistakes found over a year old are more likely to be written off by a company rather than attempting to collect from an employee, especially if the company was responsible for the mistake. The Army does not operate that way. The Army usually takes action without consulting with the affected soldier. As a result, the soldier usually bears the burden when the soldier's pay is suddenly corrected.

The Army can do a better job of fixing pay errors to minimize the impact on the soldier. I have the following recommendations for the committee's consideration. First, routinely provide a point of contact for any collection action in the remarks block of the soldier's LES. Many reservists and National Guardsmen are separated from their home units and need a point of contact! Second, write a letter to the soldier explaining any errors and the action that will be taken to correct the error. Third, for collections greater than \$300, provide the soldier with options for repayment. Fourth, provide the soldier with detailed information on how to apply for relief from the debt. Fifth, give brigade commanders the authority to relieve debt on any mistakes made by the Army. And finally, the Army needs to complete all collection actions in a timely manner, or be required to outline to the soldier in detail its intended actions and reasons for the action. The soldier should then be given an opportunity to respond by a deadline before the collection action is taken.

Concluding Remarks

These recommendations, if implemented, will truly take care of soldiers and will minimize the impact on a soldiers' pay due to overpayment or error.

Again, thank you for the opportunity to share my experience with you. I would be happy to answer any questions you might have.